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NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

RICHARD C. HUNEGS

Claimant

and

BEAR STEARNS & CO., INC. AND
MARC H. KOZBERG

Respondents

CASE NO. 89-02048

CASE SUMMARY

In a claim filed with the NASD on or about July 21, 1989, Claimant Richard G. Hunegs ("Claimant") alleged that Respondents Bear Stearns & Co., Inc. ("Bear Stearns") and Marc H. Kozberg ("Kosberg") (collectively as "Respondents") sold 30,000 shares of MEI Diversified, Inc. without claimants prior consent, knowledge or approval. Claimant alleged that the unauthorized transaction constituted a fraudulent and deceptive practice under Minnesota Statutes Section 80A.03 and Rule Section 2875.1050 C; negligence; breach of contracts breach of fiduciary duty under Minnesota Statutes Section 45.026 and conversion.

In its Answer filed with the NASD on or about October 20, 1989, Respondent Bear Stearns stated that the 30,000 shares of MEI Diversified, Inc. were sold as a result of Claimants' failure to meet a margin call. Bear Stearns asserted the affirmative defenses that it acted upon the instructions of Respondent Kozberg in its capacity as clearing broker and that the damages resulted from the negligence of claimant.

In his answer filed with the NASD on or about September 20, 1989, Respondent Kosberg denied the allegations of Claimant, Kozberg further stated that the sale of the stock was a result of a margin call.

RELIEF REQUESTED

Claimant requested an award in the amount of \$11,753.26, interest, costs, expenses and reasonable attorneys fees.

Respondent Bear Stearns requested that the Statement of Claim be dismissed in all respects and that costs be assessed against Claimant.

Respondent Kozberg requested that the Statement of Claim be dismissed and that costs be assessed against Claimant.

AWARD

On Monday, July 23, 1990 in Minneapolis, Minnesota during a hearing lasting one (1) session, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on May 2, 1989 by Claimant Richard G. Hunegs, on October 19, 1989 by Mark E. Lehman on behalf of Respondent Bear Stearns & Co., Inc. and on September 15, 1989 by Respondent Marc H. Kozberg.

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents Bear Stearns & Co., Inc. and Marc H. Kozberg shall be and hereby are jointly and severally liable for and shall pay to Claimant Richard Hunegs the sum of Eleven Thousand Hundred Fifty Three Dollars and no cents (\$11,753.00);

2. Interest at the rate of 6% per annum is awarded on the stated sum from and inclusive of November 10, 1987 to and inclusive of the date this award is paid;

3. Each party shall bear its own costs and expenses incurred in this matter not specifically enumerated herein; and

4. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain as forum fees, the \$400.00 filing fee previously deposited with the NASD by the Claimant Richard G. Hunegs.

By the Panel

Dated: _____ /S/

George A. Beck, Esq.
Presiding Chair

Dated: _____ /S/

A. James Dickinson, Esq.

Dated: Aug 3, 1990 /S/

Paul J. McGough, Jr.

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By the Panel

Dated: Aug 6, 1990 /S/

George A. Beck
George A. Beck, Esq.
Presiding Chair

Dated: _____ /S/

A. James Dickinson, Esq.

Dated: _____ /S/

Paul J. McGough, Jr.

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By the Panel

Dated: _____ /S/

George A. Beck, Esq.
Presiding Chair

Dated: Aug 2, 1990 /S/

A. James Dickinson, Esq.

Dated: _____ /S/

Paul J. McGough, Jr.